

STATEMENT OF SENATOR JOHN McCAIN  
CHAIRMAN, SENATE COMMITTEE ON  
COMMERCE, SCIENCE, AND TRANSPORTATION  
COMMUNICATIONS SUBCOMMITTEE HEARING  
ON INTERNATIONAL SATELLITE REFORM  
SEPTEMBER 10, 1998

Good morning. I would like to thank Chairman Burns for indulging my schedule and for holding this hearing.

I would also like to commend Chairman Burns for his hard work on international satellite reform legislation.

This issue has a great deal of controversy associated with it. Some parties argue that legislation is not currently necessary because the international organizations, INTELSAT and Inmarsat, are already on the way to privatization. Proponents of this position claim that any U.S. legislation that would impose unilateral sanctions and threats of U.S. market closure would be counterproductive to achieving privatization because it would leave no room for other member nations of these organizations to have their issues addressed. They urge Congress to establish a framework to encourage a procompetitive result to privatization.

Other parties argue that the structure of intergovernmental organizations confers marketplace power to INTELSAT and Inmarsat. These benefits, they argue, distort marketplace competition. They claim that such organizations maintain market access advantages around the world and use their privileges and immunities to avoid antitrust laws and tax obligations to which other private entities are subjected. These parties also argue that INTELSAT's and Inmarsat's restructuring efforts to date have not produced entities that are truly independent of the IGOs. They claim that if the future course of IGO restructuring does not change, the international satellite marketplace will not be competitive. Thus they urge Congress to pass legislation that demands procompetitive privatization.

Although there are major differences between these two sides, they are not nearly as great as they were only a few years ago. It is very promising that both sides agree that privatization is the answer. Both sides agree that marketplace competition will better provide the benefits of satellite communications services to consumers than will direct government control or intergovernmental organizational structures.

Make no mistake, the differences between the parties are still significant. We still have much work to do to bridge the differences between the sides but I believe that Chairman Burns has started the process through which we can promote competition

by eliminating market distortions from both the U.S. and international satellite markets. We must find a balance between demanding the ideal privatization model from the international community and accepting whatever form of privatization that the intergovernmental organizations may settle for.

I look forward to working with Chairman Burns to find solutions that will promote greater satellite competition. Thank you.